

# The Role of ITOC in the Acquisition of IT Products and Services

**Scope:** The Information Technology Oversight Commission (ITOC) is chartered by the Indiana State Legislature with thirteen sets of duties and powers along with several functions and approvals, [www.in.gov/legislative/ic/code/title4/ar23/ch16.pdf](http://www.in.gov/legislative/ic/code/title4/ar23/ch16.pdf). A number of these responsibilities have an effect on the processes by which information technology (IT) products and services are procured for the executive branch of government. The executive branch includes the administrative branch of government - commonly called separately elected officials

An understanding of the role that ITOC plays in the acquisition of IT products and services by all effected state entities is essential in making sure the process is as efficient as possible.

ITOC's responsibilities are to review, comment and approve submissions by the executive branch. For the administrative branch, it is to review and comment. Hereafter, the executive branch and administrative branch will collectively be referred to in this discussion of ITOC's role as state entities.

We use the letters RCA as a short hand for review, comment and approval. We use this even in situations where approval may not be required. If your state entity is not subject to ITOC approval, disregard the A in RCA. Likewise, we refer to the IDOA Procurement Division. If your state entity does its IT procurement with its own procurement staff, substitute it for this reference.

**Definition:** The statute which establishes ITOC says that "information technology" (IT) "includes the resources, technologies, and services associated with the fields of: (1) information processing; (2) office automation; and (3) telecommunications facilities and networks."

**Organization:** Each state entity is assigned to one of the systems consultants who make up the staff at ITOC, [http://www.in.gov/itoc/html\\_site/contact/](http://www.in.gov/itoc/html_site/contact/). Among the varied roles of the systems consultants is a responsibility to work with each state entity, assisting them through all of the required processes to acquire the IT products and services that the state entity needs to fulfill its duties and responsibilities.

As a rule of thumb, it is never too early to get your ITOC systems consultant involved with your IT acquisition planning. The systems consultant is a professional who can add value in numerous areas in addition to acquisition, such as IT research, product/service identification, etc.

**Delegation Matrix:** In general, most state entities have delegated approval authority for various acquisitions at different dollar amounts. This is true for certain IT products and services as well. ITOC has delegated approval authority at a \$ level for a number of acquisitions to the chairperson of ITOC, the executive director of ITOC and to the systems consultants on the ITOC staff. State entities may also move ahead on their own if the investment amount is within their authority based on the delegation matrix. A current copy of the delegation matrix can be found at [http://www.in.gov/itoc/html\\_site/Delegation/Delegation\\_Table.pdf](http://www.in.gov/itoc/html_site/Delegation/Delegation_Table.pdf).

These delegations allow a state entity to move ahead on its own only if the acquisition is consistent with existing state policy/standards [http://www.in.gov/itoc/html\\_site/architecture/](http://www.in.gov/itoc/html_site/architecture/). In

## The Role of ITOC in the Acquisition of IT Products and Services

the event that an acquisition is not consistent with existing policy and/or standards, a waiver must be obtained through your ITOC systems consultant before proceeding. See the **Policy/Standards Waiver:** section to learn more about this exception

As another rule of thumb, once the state entity has documented its needs and determined that the investment to meet those needs exceeds their delegated authority, the first stop for any acquisition request for IT products and services is usually ITOC.

**Policy/Standards Waiver:** ITOC's policy for granting waiver to existing policy and/or standards starts with a letter entitled "Request for Waiver", submitted by the IT/MIS director of the state entity requesting the waiver. The letter is sent to the ITOC systems consultant assigned to that state entity. The letter needs to address the specific policy or standard the state entity is requesting a waiver for, the unusual circumstances making the exception appropriate, and a compelling business case surrounding the petition.

If approved, the systems consultant will sign the letter, which may then be submitted with the request for further approvals if needed. For a period of one year from the approval date, a copy of this letter may be submitted with any further request whereby the same exception applies.

State entity delegation authority does not apply to requests using an approved waiver. All such requests must be submitted to ITOC for RCA.

**Forms:** The primary form that needs to accompany requests for the acquisition of IT products and services is the Information Processing Procurement Request (IPPR). It is State Form #38393 and can be obtained on-line from the Indiana Commission on Public Records (ICPR) website, [www.in.gov/icpr/webfile/formsdiv/catchoic.html](http://www.in.gov/icpr/webfile/formsdiv/catchoic.html) or at the ITOC web site, [www.in.gov/itoc/html\\_site/procurement/forms.html](http://www.in.gov/itoc/html_site/procurement/forms.html). A "completed" IPPR includes the signature of the state entity's top officer (elected official, commissioner, superintendent, etc.) or his/her designee.

The one exception to the use of the IPPR form is when the state entity is planning to acquire application development or application customization services. In this case, instead of the IPPR, the request must have one of five "step forms" used for this purpose.

The "step" forms are Step 1 - Request for Proposal (form #38421), Step 2 – Project Proposal Executive Proposal (form #38418), Step 3 – Project Preliminary Design (form #38410), Step 4 – Project Completion and Acceptance Notification (form # 38396) and Step 5 – Project Change Request (form # 38395). All of these forms can be obtained at the ICPR website. You can ask your systems consultant about the appropriate Step form to accompany any specific request.

Another important form is the Executive Document Summary (EDS) that accompanies all contracts going thru the approval process. The form number is 41221. It can also be obtained from the ICPR website <http://www.in.gov/icpr/webfile/formsdiv/idoa.html>.

## The Role of ITOC in the Acquisition of IT Products and Services

IPPRs, Step Forms, EDSs and appropriate accompanying documents are sent to ITOC at: 100 North Senate, Room N551, Indianapolis, IN 46204. Your systems consultant can help you with any questions you have about filling out any of the forms mentioned above.

**Overview of the IT Products/Services Acquisition Life Cycle:** Now that you understand some of the basics of acquiring IT products and services, let's go through – at a high level – how all of the pieces form a process. It is helpful to think of the Life Cycle really being made up of two distinct pieces – the Solicitation/Negotiation Cycle and the Contracting Cycle.

**The Solicitation/Negotiation Cycle** You can summarize this cycle as all the work that leads up to some sort of formal contract/agreement between the state entity and the organization(s) providing the IT product(s) and/or service(s). It is helpful to break this down into four phases.

**First Phase: At the state entity.** Typically, a business need is identified and studied by the state entity. The study results in a written set of requirements that any solution must meet to address the identified need. As alternative methods of solving the problem are explored, the state entity may see a way an existing IT product/service could be expanded to solve or help solve the problem or they may find new products/services that would meet their needs. In some cases, there are many products/services that will solve the problem, in others, there may only be one. (See the **Request for Information (RFI)** process if no apparent solution presents itself.)

Experienced state entities work this process not only with internal resources but also with many of the other players who will be involved in the RCA process. These include ITOC (through the state entity's systems consultant), the State Budget Agency and the Procurement Division of IDOA. Early involvement gets everyone on board with the business objectives and coming up with the appropriate method of acquisition. Most of the time, the written document that results from this process is already in the appropriate solicitation format because of all of the parties working together.

**Second Phase: Checking in with the State Budget Agency.** At the time the state entity has final internal approval to move ahead, they should complete an IPPR or appropriate Step form and submit it to their budget analyst. Once they have approval from their analyst, they are ready for the next phase. This step is only required on acquisitions over \$75,000.

**Third Phase: Gaining ITOC RCA.** The next step in the Solicitation/Negotiation Cycle is to gain the RCA of ITOC. The process is to forward the IPPR along with the written document created in the first phase to your ITOC systems consultant. Based on the delegation matrix, the systems consultant may be able to do the RCA. In other cases, the RCA will need to be done by the executive director of ITOC or even by the total commission. (In this case, the chairperson of the commission signs for them.)

## The Role of ITOC in the Acquisition of IT Products and Services

Fourth Phase\*: Working with the Procurement Division \*\* There are a number of steps that you now work through with the Procurement Division.

- Step 1. Final preparation of the solicitation document
- Step 2. Distribution of the solicitation document (make sure you know who is receiving your solicitation.)
- Step 3. Review of the returned responses.
- Step 4. Selection of a “winner” of your solicitation.
- Step 5. Negotiation of a contract between your state entity and the winning vendor.

Here again, experienced agencies keep their systems consultant involved by making them a member of the solicitation evaluation team and the contract negotiation team.

\* You will learn that there are some goods and services that are already contracted for and you can eliminate the fourth phase. See the section entitled **Solicitation Methods for Acquiring IT Products and Services – Quantity Purchase Agreement (QPA)**.

\*\* As indicated in the **Scope** discussion, some state entities have their own Procurement group. If they so choose, they can go through these steps with their own procurement group and not the IDOA Procurement Division.

### The Contracting Cycle

The Attorney General’s office will be involved any time there is a new or renewed contract, unless the contract is one of the three Form Approval agreements that already exist. These are the Contract for Service, Lease to Own and Rental Agreements. Any modification to any of these three basic agreements will automatically require the modified contract be reviewed by the AG’s office.

To initiate the RCA process for a new/renewed contract, first fill out the EDS form. Attach that form to the final approved version of the contract. This copy of the contract should carry the appropriate signatures of both the state entity and the winner of the solicitation. Forward those two documents to your ITOC systems consultant for his/her RCA or for their recommendation to the executive director or the commission.

Once RCA has been obtained with ITOC, the documents will move on to the Procurement Division (if appropriate), the State Budget Agency and finally to the AG’s office.

Once the AG’s office has returned the contract to the state entity, they are clear to move ahead.

For a Flow Chart view see: [ContractingCycle.doc](#)

## The Role of ITOC in the Acquisition of IT Products and Services

**Solicitation Methods for Acquiring IT Products and Services:** As with any well-run organization, the state of Indiana has a number of methods in place for the acquisition of IT products and services. (See flow chart [SolicNegoti.doc](#)) All of the methods mentioned below are generic. They can be used for goods and services other than IT. However, the processes defined are for IT products and services only.

All of the methods discussed involve the Procurement Division within IDOA except the last one, the Business Partner Alliance (BPA). That method involves the Division of Information Technology (DoIT), which is another Division of IDOA. The Procurement Division website is <http://www.in.gov/idoa/proc/index.html>. The DoIT site is <http://www.in.gov/idoa/isd/index.html>.

**Quantity Purchase Agreement (QPA):** This type of agreement is put in place for products and services that are well understood and which can be negotiated for in advance. The advantage for any state entity is that a formal contract, including pricing, is already in place. The state entity simply submits a QPA release through their normal internal procurement process.

Based on the delegation matrix, the QPA release may need to be seen by ITOC. If so, an IPPR/Step Form needs to be completed and forwarded to ITOC with a copy of the QPA release. Once ITOC has completed its RCA, the approved IPPR/Step Form will be sent back to the state entity, along with the QPA release, and the state entity can then forward the two documents to the Procurement Division. The Procurement Division will then process the release against the QPA. See [www.in.gov/idoa/proc/qpa.html](http://www.in.gov/idoa/proc/qpa.html) for the current list of IT QPA agreements.

**Request for Information (RFI):** A situation could arise where it is not apparent to a state entity that there is a single source - let alone multiple sources - for a product or service to solve their business need. This is a case where the state entity would be well served by contacting ITOC. Their systems consultant can help the state entity in many ways. For instance, she/he might know of somewhere else in the state or in another state, where the business problem trying to be solved has already been addressed. The systems consultant also has access to “world class” consulting services which can be contacted regarding potential solutions.

If there truly is no information available, the systems consultant can help with identifying the names of vendors to whom to send the RFI. They can also assist in the preparation of the RFI by helping make sure all of the necessary questions are asked. ITOC does not need to review the RFI before its release by the Procurement Division. Keep in mind that no award (contract, purchase order, etc.) can be made on the basis of an RFI or RFI response.

**Request for Proposal (RFP):** One of the most often used methods for large IT projects within the state is the RFP. These can be very elaborate documents with very detailed requirements spelled out within them. While the state entity usually has to supply most of the “subject matter expertise” in putting together the RFP, the ITOC systems consultant can again provide value to the process. This would come in the form of reviewing the RFP for completeness, helping establish the evaluation criteria for judging the responses to the RFP, recommending members for the evaluation team and making sure that all qualified sources of the product or service are sent the RFP. (Keep in mind that the ITOC systems consultants are the people who put together

## **The Role of ITOC in the Acquisition of IT Products and Services**

and evaluate many of the RFPs which establish the state IT QPA agreements, so they are very familiar with the RFP process.)

Based on the delegation matrix, the RFP may need to be seen by ITOC. If so, an IPPR/Step Form is completed and forwarded to ITOC with the RFP. Once ITOC has completed its RCA process, the approved IPPR/Step Form it will be sent back to the state entity, along with the RFP document, and the state entity can then forward the two documents onto the next stage of their procurement procedure.

NOTE: Once a state entity has selected the “winner” of its RFP and negotiated a contract with this vendor, the contract will need to go through an approval process. An EDS is prepared, attached to the contract and sent to ITOC as the first step in this process. After that, the contract is sent to IDOA (or the state entities procurement area), the State Budget Agency and the AG’s office.

Request for Quote (RFQ)/Invitation to Bid (ITB): The RFQ/ITB is used when the item (usually, it is an item as opposed to a service) being sought can be very well specified. State entities initiate this process by creating a requisition. Responses are classified as either “pass” or “fail” relative to meeting requirements and the lowest quoted “pass” bid from a responsible and responsive bidder must be accepted. The RFQ is used when the total procurement is less than \$75,000; the ITB is used for acquisitions over \$75,000.

Based on the delegation matrix, the requisition may need to be seen by ITOC. If so, an IPPR/Step Form needs to be completed and forwarded to ITOC with the requisition. Once ITOC has completed its RCA process, the approved IPPR/Step Form will be sent back to the state entity, along with the requisition document, and the state entity can then forward the two documents onto the next stage of their procurement procedure.

NOTE: Once the “winner” of a RFQ/ITB has been selected, the signed quotation or bid may need to go through this same internal approval process again, based on the actual bid submitted. If the actual quote/bid price is 10% (or more) higher than the estimated amount on the first IPPR/Step Form, a second IPPR/Step Form is prepared, attached to the signed quotation or bid and sent to ITOC. Once ITOC has done its RCA, the IPPR/Step Form and attachments will be sent back to the state entity and the state entity can then notify the “winner” of the awarding of the quotation or bid.

Special Procurement (SP): In the event that any of the above normal solicitation processes have not been exercised and the situation meets certain other criteria (See IC 5-22-10 for a list of those special conditions), an SP can be requested.

Based on the delegation matrix, the SP may need to be seen by ITOC. If so, an IPPR/Step Form needs to be completed and forwarded to ITOC with the SP. Once ITOC has completed its RCA process, the approved IPPR/Step Form will be sent back to the state entity, along with the SP document, and the State entity can then forward the two documents on to the next stage of their procurement procedure.

## The Role of ITOC in the Acquisition of IT Products and Services

NOTE: Once a state entity has selected the “winner” of its SP and negotiated a contract with this vendor, the contract will need to go through an approval process. An EDS is prepared, attached to the contract and sent to ITOC as the first step in this process. After that, the contract is sent to IDOA (or the state entities procurement area), the State Budget Agency and the AG’s office.

Basic Ordering Agreement (BOA): The BOA is not a procurement method per se but a way to accelerate the contract creation and approval process. It is mainly used with SPs. It consists of a basic set of terms and conditions (Ts & Cs) established between a vendor and the state. The agreement can cover products and services. Services are usually limited to implementation and consulting services but not application develop services. (Refer to the previously discussed **QPA** or the next section entitled **Business Partner Alliance (BPA)** for application development services.)

The state entity negotiates the specific product/service and applicable pricing. The outcome of the process is a contract generated for products or services, with the BOA Ts and Cs attached

NOTE: The contract will need to go through an approval process. An EDS is prepared, attached to the contract and sent to ITOC as the first step in this process. After that, the contract is sent to IDOA (or the state entities procurement area), the State Budget Agency and the AG’s office. See <http://www2.idoa.state.in.us/proc/> for current contract and BOA information.

Business Partner Alliance (BPA): The Division of Information Technology (DoIT) within IDOA has a process in place to provide four distinct “project level” services to state entities. The BPA is similar to the QPA in concept - pre-approved contracts and pricing – but are “project” based versus “quantity” procurements. The skill areas are Information Technology Planning (IT); Business Process Reengineering (BPR); Application Development (AD); and Geographic Information Systems (GIS). The BPA is only applicable for projects estimated to require an investment of \$250,000 or less.

A statement of work (SOW) is developed by the state entity and is sent by the state entity’s DoIT business consultant to the qualified BPA vendors. The BPA vendors submit a Best and Final Offer (BAFO) and a winning submission is selected. (DoIT has business consultants assigned to each state entity, similar to the systems consultants in ITOC. DoIT business consultant assignments are listed at [intranet.doit.state.in.us/DoITIntranet/base/bcagencylst.stm](http://intranet.doit.state.in.us/DoITIntranet/base/bcagencylst.stm). Contact your business consultant for a list of BPA vendors.

Based on the delegation matrix, the selected BAFO may need to be approved by ITOC but will need to be approved by the agency budget analyst. In either case, an IPPR/Step Form must be completed. If ITOC needs to be involved, the IPPR/Step Form is forwarded to ITOC with the BAFO. ITOC will complete their RCA process and return both documents to the state entity. Once the IPPR/Step Form has returned from ITOC, or if no ITOC approval is required, the IPPR/Step Form along with the BAFO document will be submitted to the state entity’s budget analyst for approval of funding. Once that has been completed, the documents are sent back to the state entity, and the state entity can then notify the winning BPA vendor that they have been selected.

## **The Role of ITOC in the Acquisition of IT Products and Services**

### **eProcurement:**

The state of Indiana is in the process of fine-tuning a new service through the Procurement division called eProcurement. This service is a web-based application that is part of the PeopleSoft Financial Supply Chain Management enterprise solutions package. It encompasses a single point of entry for all the procurement activities and supporting business functions for the state.

ITOC and the Procurement division are working together to look for places where we can integrate our processes. While our objective is to make the process “paperless”, we are not at that stage now and most necessary forms and documents – Contracts, etc. - still need to be dealt with in a paper form per the processes outline in previous descriptions.

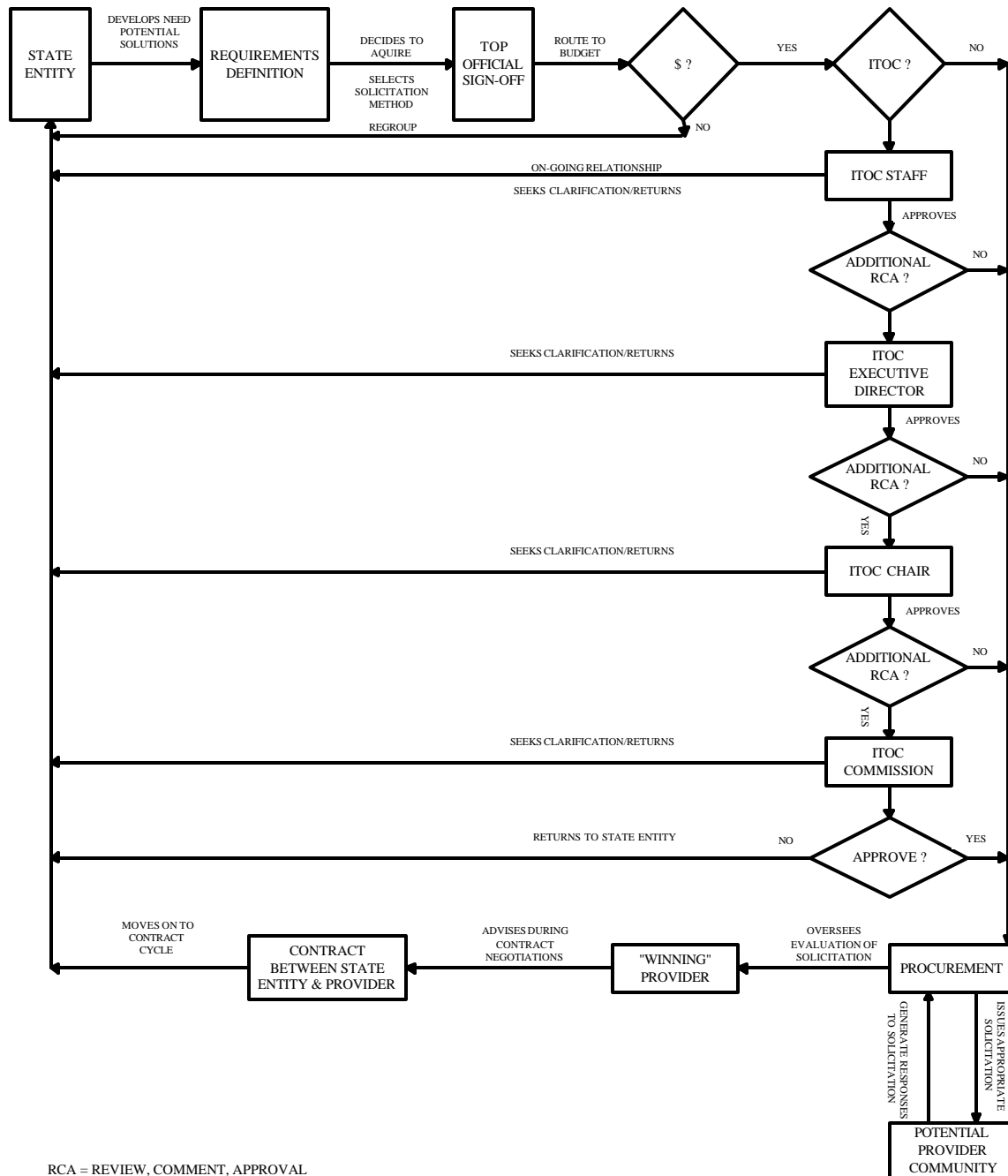
An important concept for state entities to keep in mind as we move forward with eProcurement is that the change in process does not diminish ITOC’s need for information before it can approve the procurement. Descriptions entered into the eProcurement system will have to convey all of the pertinent information currently available from the IPPR and other accompanying documents.

Stay tuned for further announcements as this new service becomes more and more integrated with the ITOC process.



# The Role of ITOC in the Acquisition of IT Products and Services

## ACQUISITION OF IT PRODUCTS & SERVICES SOLICITATION/NEGOTIATION CYCLE



# The Role of ITOC in the Acquisition of IT Products and Services

